

## Message Text

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47

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 SS-20

NSC-07 NEA-14 AGR-20 TAR-02 L-03 H-03 PA-04 PRS-01

DRC-01 /185 W

----- 086229

R 080957Z JUN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7033

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: NA

TAGS: EC US ETRD

SUBJECT: US/EC CONSULTATIONS, JUNE 6-7: OVERVIEW

1. SUMMARY. US/EC CONSULTATIONS COVERED A WIDE RANGE OF MUTUAL ECONOMIC ISSUES. A POSITIVE AND CONSTRUCTIVE SPIRIT PREVAILED THROUGH MOST OF MEETING IN THE WAKE OF RECENT SETTLEMENT OF ARTICLE XXIV:6 NEGOTIATIONS, BUT A SOMBER TONE WAS INJECTED BY DISCUSSION OF POTENTIAL SERIOUS TRADE PROBLEMS IN WINE AND DAIRY SECTORS. END SUMMARY.

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2. JUNE 6-7 US/EC CONSULTATIONS IN BRUSSELS (REPORTED IN DETAIL IN SEPTELS) OPENED ON A STRONG POSITIVE NOTE RESULTING FROM LAST WEEK'S SUCCESSFUL CONCLUSION OF ARTICLE XXIV:6 NEGOTIATIONS, ELIMINATING THE THREAT OF TRADE RETALIATION THAT HAD CAST A SHADOW OVER US-EUROPEAN COMMERCIAL RELATIONS IN RECENT MONTHS. BOTH THE US DELEGATION LED BY AMBASSADOR EBERLE AND ASISTANT SECRETARY OF STATE HARTMAN AND THE EC DELEGATION HEADED BY COMMISSIONER SOAMES, EXPRESSED DEEP SATISFACTION THAT LONG AND ARDUOUS EFFORTS HAD SUCCEEDED. IN A SERIES OF PLENARY AND COMMITTEE DISCUSSIONS ON TRADE, INVESTMENT, ENERGY, EC-ARAB COOPERATION, RAW MATERIALS AND OTHER LDC ISSUES, PARTICIPANTS TOOK CONSTRUCTIVE ATTITUDES IN TRYING TO ANTICIPATE PROBLEMS AND SEEK JOINTLY MANAGED SOLUTIONS. SOAMES CLOSED THE MEETING WITH A STRONG STATEMENT OF APPRECIATION FOR SECRETARY KISSINGER'S TIRELESS AND SUCCESSFUL EFFORTS IN THE MIDDLE EAST. PRINCIPAL ACCOMPLISHMENTS OF CONSULTATIONS WERE:

- A. AGREEMENT TO EXPLORE THE POSSIBILITY OF A RENOGLIATION OF THE CHICKEN WAR;
- B. A DECISION TO CONSULT BEFORE FALL ON GENERAL DEVELOPMENT POLICIES INVOLVING THE RELATED ISSUES OF FINANCIAL AID, UNGA, FOOD AID, TRADE AND INVESTMENT WITH LDCS AND TECHNOLOGICAL TRANSFERS;
- C. AGREEMENT TO EXAMINE BEFORE SUMMER RELATED FOOD AID, GRAINS, BEEF AND MTN ISSUES;
- D. CONCURRENCE ON SCHEDULING BEFORE THE FALL AN EXAMINATION OF SPECIFIC SECTORS OF INDUSTRIAL POLICY;
- E. A DECISION TO TRY TO CONCERT TACTICS PRIOR TO GATT TRADE NEGOTIATING COMMITTEE SESSIONS.

3. ON THE EURO-ARAB DIALOGUE, THE COMMISSION DREW A CLEAR DISTINCTION BETWEEN ITS ROLE AS ADVISOR TO THE NINE GOVERNMENTS IN CONNECTION WITH THE INITIATIVES BEING UNDERTAKEN IN THE FRAMEWORK OF POLITICAL COOPERATION AND THOSE MATTERS THE COMMISSION IS CARRYING ON FOR THE EUROPEAN ECONOMIC COMMUNITY AS SUCH--MEDITERRANEAN POLICY, AND THE INDIVIDUAL AGREEMENTS IT HAS OR IS NEGOTIATING WITH THE STATES IN QUESTION. THE COMMISSION PROMISED TO CONSULT WITH US ON ASPECTS OF THE EURO-ARAB DIALOGUE WHICH FALL WITHIN THE COMMUNITY'S LIMITED OFFICIAL USE

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COMPETENCE, WHICH WILL LIKELY INCLUDE MOST SUBSTANTIVE ASPECTS OF EC-ARAB ECONOMIC AND TECHNICAL COOPERATION.

4. IN THE TRADE FIELD, WE HEARD A STRONG PLEA FROM THE COMMISSION SIDE EMPHASIZING:

- A. ITS VIEW THAT MTN IS MORE IMPORTANT IN THE CURRENT CONTEXT THAN WHEN IT WAS FIRST CONCEIVED AND

B. THAT EARLY ENACTMENT OF THE TRADE BILL IS ESSENTIAL.  
IN THE AGRICULTURAL FIELD, WE MADE CLEAR TO COMMISSIONER  
LARDINOIS AND HIS ASSOCIATES OUR CONCERN ABOUT THE CURRENT  
SITUATION ON THE WORLD BEEF MARKET AND THE PRESSURES  
ON THE US RESULTING IN PART FROM RESTRICTIVE ACTION BY THE  
COMMUNITY.

5. A MAJOR POINT OF DISCORD AROSE WHEN THE US WARNED  
THE COMMISSION THAT SERIOUS PROBLEMS LIE IN OUR WINE  
AND DAIRY TRADE. COMMUNITY FAILURE TO RESPOND TO UPCOMING  
US REGULATIONS ON WINE BOTTLE SIZES MAY JEOPARDIZE EUROPEAN  
WINE SHIPMENTS TO THE US. THE COMMUNITY ALSO FACES A  
SERIOUS RISK OF COUNTERVAILING DUTIES AGAINST EC RESTITUTIONS  
ON DAIRY EXPORTS. SOAMES APPEARED SHOCKED AT THIS NEWS AND  
SAID THAT US RESTRICTIONS ON EC WINE OR DAIRY EXPORTS,  
FOLLOWING THE STRENUEOUS ARTICLE XXIV:6 NEGOTIATIONS, WOULD  
BE SERIOUSLY DAMAGING TO US/EC RELATIONS. HE ASKED THAT WE  
INFORM THE HIGHEST US POLITICAL LEVELS OF THE DANGERS INVOLVED.

6. THE GENERAL ASSESSMENT OF CONSULTATIONS ON BOTH SIDES,  
DESPITE THE SERIOUS TONE OF DISCUSSIONS ON WINE AND DAIRY  
PRODUCTS, WAS THAT A MORE OPEN AND CONSTRUCTIVE APPROACH  
HAD PREVAILED THAN IN PREVIOUS CONSULTATIONS. THE INTERSPERSION  
OF PLENARY AND SPECIALIZED COMMITTEE SESSIONS ENABLE MORE  
DETAILED DISCUSSIONS ON HIGHLY COMPLEX SUBJECTS SUCH AS ENERGY  
AND RAW MATERIALS POLICY. THE EXPRESSED NEED FOR A BROADER  
APPROACH TOWARD MAJOR AREAS OF POLICY SUCH AS DEVELOPMENT  
AND TRADE/TECHNOLOGY/INVESTMENT ISSUES ALSO DISTINGUISHED  
THIS CONSULTATION FROM THE NARROW ISSUE FOCUS OF SOME EARLIER  
SESSIONS. PERHAPS MOST IMPORTANT, THE MUTUAL DESIRE TO  
ENGAGE IN FULL US/EC CONSUTATIONS ON A WIDE RANGE OF  
ECONOMIC POLICIES BEFORE TAKING DECISIONS OR ENTERING BROADER  
INTERNATIONAL FORA APPEARS TO REPRESENT A SIGNIFICANT SHIFT  
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IN ATLANTIC POLITICAL-ECONOMIC ATTITUDES.GREENWALD

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, ECONOMIC DEVELOPMENT, TRADE, ARTICLE XXIV 6, ECONOMIC PROGRAMS, NEGOTIATIONS, WINES  
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**Draft Date:** 08 JUN 1974  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**Disposition Remarks:**  
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